

Rahee Infratech Limited

March 05, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	145.42	CARE A-; Stable	Assigned
Long-term / Short-term bank facilities	360.00	CARE A-; Stable / CARE A2+	Assigned
Short-term bank facilities	2.50	CARE A2+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to bank facilities of Rahee Infratech Limited (RIL), derive strength from experienced promoters and established track record of the company in railway business with proven project execution capabilities, strong orderbook position with majority order being received from Indian railways and rail public sector undertakings (PSUs), consistent increase in scale of operations over the last few years with satisfactory profitability margin and comfortable capital structure with debt coverage indicators.

However, the rating are constrained by working capital intensive nature of operation, segment and geographical concentration risk albeit reputed customer base, tender-based nature of operation in intensely competitive construction industry and volatility in raw material prices albeit price variation clause provides insulation to a large extent.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Substantial increase in scale of operation (operating income beyond ₹1500 crore), while maintaining healthy order book and profitability margin on sustained basis.
- Improvement in total outside liabilities to tangible net worth (TOL/TNW) to below 0.75x on a sustained basis

Negative factors

- Decline in operating income below ₹700 crore and profit before interest, lease rentals, depreciation and taxation (PBILDT) margin below 10% on sustained basis.
- Increase in debtors and inventory level beyond ₹550 crore and ₹600 crore as on March 31, 2025, and March 31, 2026, respectively.
- Delayed release of retention money leading to blockage of bank guarantee and non-availability of bank guarantee (BG) limits for execution of newly received orders.

Analytical approach: Consolidated

CARE Ratings Limited (CARE Ratings) has taken consolidated approach with its wholly owned subsidiaries Rahee Track Technologies Private Limited (RTTPL), Serpentine Weldtech Engineering Private Limited (SWEPL), Response Metalcraft Private Limited (RMPL), Rahee Steeltech Private Limited (RSPL) and 40% share of profit of the associate company Pandrol Rahee Technologies Private Limited (PRTPL). The list of entities consolidated is mentioned under **Annexure-6**.

Outlook: Stable

The stable outlook is on account of increase in scale of operation by maintaining operating profit on current level by execution of execution of orders with strong orderbook position providing revenue visibility in medium term.

Detailed description of key rating drivers:

Key strengths

Experienced promoters and established track record of company in railway business with proven execution capabilities

The group is being managed by Pradeep Khaitan (looks after the overall function of Pandrol Rahee Technologies Private Limited and overall decision making of Rahee group), Pawan Khaitan (looks after EPC segment) and Ravi Khaitan (looks after manufacturing division). They are supported by second generation of the family and professional team. Promoters have over two decades of experience in railway business.

The group has successfully executed several landmark projects, including steel girder bridge from Jiribam to Imphal Rail Link, 70 Kms (out of 128 km) of ballast-less track in tunnels along the Udampur-Srinagar-Baramulla Rail Link, a 125-meter-long and 7.5-meter-wide road bridge for the Char Dham Yatra Rail Link between Rishikesh and Karnapryag and a 4.5-km rail-cum-road bridge over the Ganges river in Patna.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Strong orderbook position with majority order being received from Indian railways and rail PSUs

As of December 31, 2024, RIL has outstanding order book valued at ₹2,339 crore. This represents 2.94x the company's total income for FY24 on a standalone basis. The order book is spread across three key segments: bridgework, trackwork, and manufacturing, which contribute ~68%, 29%, and 3% to the total, respectively.

Around 89% of RIL's total outstanding orders are from government counterparties such as zonal railways, rail PSUs including IRCON International and Rail Vikas Nigam Limited (RVNL), where credit risk is minimal. Balance are orders from private parties, which are mainly subcontracted government orders where RIL is the nominated sub-contractor. Repeat orders comprise ~90% and 82% of orders from reputed clients in FY23 and FY24 respectively.

RIL is the lowest bidder (L1) for orders worth ₹370.64 crore, of which ₹349.92 crore pertains to the construction of a railway bridge. This is expected to enhance its revenue visibility and strengthen its order book position.

As of December 31, 2024, Rahee Track Technologies Private Limited (Subsidiary of RIL) has outstanding order book of ₹200.75 crore for supply of thick web switch & switch expansion joints.

On a consolidated level, the group had outstanding orderbook in hand as on December 31, 2024, of ₹2539.75 crore, which represent 2.62x of total operating income (TOI) of FY24 on consolidated level.

Consistent increase in scale of operations in the last few years amid satisfactory profitability margin

On a consolidated level, the company's TOI grew by ~73% to ₹966.46 crore in FY24 compared to ₹557.15 crore in FY22. This was mainly considering improved orderbook position and its execution.

PBILDT margin moderated to 11.96% in FY24 compared to 15.31% in FY22 mainly considering dip in margin of Rahee Track Technologies Private Limited (RTTPL- subsidiary) from 19.95% in FY22 to 11.73% in FY24. This was due to higher margin order received in RTTPL in 2019 and executed in FY21 and FY22. However, on a standalone basis, PBILDT margin of RIL has hovered between 11% and 12%.

RTTPL has entered technical collaboration with Tracktek GmbH, Poland for specialised turnouts for ballastless track and expects to receive its first order in current FY.

Despite dip in operating margin, consolidated profit after taxation (PAT) margin moderated marginally from 8.45% in FY22 to 7.88% in FY24 considering higher share of profit of associate amounting to ₹15.11 crore (PY: ₹1.59 crore).

In H1FY25, PBILDT margin stood at 11.60% on TOI of ₹548.10 crore on a consolidated level and TOI of ₹798.30 crore in 9MFY25.

Comfortable capital structure with debt coverage indicator

On consolidated level, the company's capital structure remains comfortable with overall gearing of 0.54x as on March 31, 2024, against 0.47x as on March 31, 2023, considering higher utilisation of working capital limit. total debt to gross cash accruals (TD/GCA) remained stable at 2.48x in FY24 against 2.54x in FY23. Interest coverage ratio remained comfortable at 4.50x as on March 31, 2024 (PY:5.28x). Moderation in coverage ratio is considering increase in interest cost due to higher utilisation of working capital.

As on September 30, 2024, the entity has introduced fresh unsecured loan of ~₹50.00 crore to meet working capital requirement.

Key weaknesses

Working capital intensive nature of operation

The company's operations are highly working capital intensive, driven by the tender-based and long-term nature of its contracts. In the bidding process, the company is required to furnish earnest money deposits (EMD), resulting in funds being tied up even before a project is awarded. A portion of the sales proceeds is retained as retention money, further increasing the working capital requirements. Specifically, 5% of the billed amount is deducted as retention money, and a 5% performance bank guarantee is provided. Retention money is released upon project completion, or in some cases, 50% is released after completion, with the remaining balance paid out after a defect liability period of 1-2 years. However, the company has the option to release retention money by providing a bank guarantee.

The operating cycle of the company moderated to 97 days in FY24, compared to 79 days in FY23 primarily due elongation in collection period from 60 days in FY23 to 76 days in FY24, largely attributed to a growth in unbilled revenue from RIL. RIL's unbilled revenue has seen a significant increase, rising from ₹17.12 crore as on March 2022 to ₹105.77 crore by March 2024, and further reaching ₹183.29 crore by September 2024. This surge is attributed to RIL undertaking more complex turnkey projects in the last two years, where billing is done on milestone basis and approval of completed work from contractee's side takes time resulting in accumulation of unbilled revenue. In Q3FY25, of the ₹138.90 crore unbilled revenue from top 10 clients as on September 30, 2024, ₹65.18 crore has been billed in Q3FY25 and anticipates an outstanding unbilled revenue of ~₹100 crore by March 2025.

Segment & geographical concentration risk despite reputed customer base

RIL's order book remains geographically concentrated with ~30% of its order book being derived from West Bengal, followed by Odisha (13.54%), Delhi (7.83%), Gujarat (7.41%), and Uttarakhand (7.29%), with the balance coming from other states. Moreover, ~67.51% of outstanding orderbook comprises Bridgework for Indian Railways, which denotes segment concentration risk. The management has articulated that the company has added newer business segments such as viaduct bridges and plans to add tunnelling work to reduce segment concentration.

Around 89% of RIL's total outstanding orders are from government counterparties such as zonal railways, rail PSUs including IRCON and RVNL, where credit risk is minimal. Balance are orders from private parties, which are mainly subcontracted government orders, where RIL is the nominated sub-contractor.

Tender-based operation in intensely competitive construction industry

The group receives majority work orders from departments of Indian Railways. All these are tender based, and revenues depend on its ability to bid successfully for these tenders. Profitability margins remain under pressure because of the industry's competitive nature. There are many big size players operating in the segment, due to which, there is intense competition. However, promoters' long industry experience and established position in eastern zone mitigates this risk to some extent.

Volatility in raw material prices despite price variation clause provides insulation to a large extent

RIL's raw materials primarily include cement, steel, and other materials that it procures from the open market. The group operates manufacturing facilities for Elastic Rail Clips (ERC) and turnouts, which are essential for setting up railway tracks in India. Despite this, the company is largely insulated from fluctuations in input prices such as raw materials (cement & steel) and fuel, as most of its contracts include a price variation clause that adjusts for changes in material costs, owing to the long duration of the projects beyond 12 months. However, price escalations are typically linked to indices such as wholesale price index (WPI). This means that actual increases in raw material costs could exceed indexed adjustments, potentially exposing the company to risks in operating profit margins due to raw material price fluctuations.

Liquidity: Adequate

The company's liquidity profile remains adequate with the consolidated GCA earnings stood at ₹92.54 crore against a debt repayment obligation of ₹14.35 crore in FY24. In FY25, the entity has debt repayment obligation of ₹16.56 crore. The group has existing cash credit facility of ₹163.00 crore (RIL- ₹117 crore and RTTL- ₹46.00 crore, as on March 31, 2024) and BG facility of ₹331.50 crore (RIL- ₹301.00 crore and RTTL- ₹30.50 crore). RIL's bank facility recently enhanced to ₹140 crore for CC and to ₹360 crore for BG.

Average utilisation of fund-based facility stood on combined level (RIL & RTTL) is ~83% and non-fund-based limit utilisation stood at ~90% for 12 months ended December 2024.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction](#)

[Manufacturing Companies](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

Incorporated as Ramchander Heeralall as a partnership firm in 1948, the firm was later registered as a Public Limited Company in 1996 under the name Ramchander Heeralall Limited. In 1998, the company changed its name to Rahee Industries Limited and subsequently the name changed again to RIL. The company is majorly engaged in overbridges and track laying for Indian railways. From 2010 onwards, the company ventured into steel fabrication with a capacity of 48,000 ton per annum, receiving its first order from RVNL. The firm also began constructing and installing bridge girders, viaduct, later securing multiple turnkey projects for Indian Railways. In 2012, the company secured its first metro project with Kolkata Metro Rail Corporation. In 2002, the group has incorporated Rahee Track Technologies Private Limited as wholly owned subsidiary of RIL. RTTPL is RDSO certified supplier of turnouts and special track devices to the Indian Railways. Both entities operate five manufacturing units in West Bengal. These facilities specialise in steel fabrication and production of ERCs, nut-bolts, turnouts and bridge girders.

The group is being managed by Pradeep Khaitan (looks after the overall function of Pandrol Rahee Technologies Private Limited and overall decision making of Rahee group), Pawan Khaitan (looks after EPC segment) and Ravi Khaitan (looks after manufacturing division). They are supported by second generation of the family and professional team.

Brief Financials (₹ crore)- Consolidated	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	786.11	966.46	548.10
PBILDT	99.56	115.62	63.57

PAT	52.12	76.12	24.72
Overall gearing (times)	0.47	0.54	0.68
Interest coverage (times)	5.28	4.50	3.43

A: Audited; UA: Unaudited; Note: these are latest available financial results

Brief Financials (₹ crore)- Standalone	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	680.92	793.72	473.80
PBILDT	80.60	92.68	51.94
PAT	44.42	50.69	21.33
Overall gearing (times)	0.52	0.67	0.87
Interest coverage (times)	5.26	4.38	3.41

A: Audited; UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	140.00	CARE A-; Stable
Fund-based - LT-Term Loan	-	-	-	March 2026	5.42	CARE A-; Stable
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	360.00	CARE A-; Stable / CARE A2+
Non-fund-based - ST-Loan Equivalent Risk	-	-	-	-	2.50	CARE A2+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Non-fund-based - LT/ ST-BG/LC	LT/ST	360.00	CARE A- ; Stable / CARE A2+	-	-	-	-
2	Fund-based - LT-Cash Credit	LT	140.00	CARE A- ; Stable	-	-	-	-
3	Fund-based - LT-Term Loan	LT	5.42	CARE A- ; Stable	-	-	-	-
4	Non-fund-based - ST-Loan Equivalent Risk	ST	2.50	CARE A2+	-	-	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT/ ST-BG/LC	Simple
4	Non-fund-based - ST-Loan Equivalent Risk	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Rahee Track Technologies Private Limited	Full	Wholly owned subsidiary
2	Response Metalcrafts Pvt Ltd	Full	Wholly owned subsidiary
3	Serpentine Weldtech Pvt Ltd	Full	Wholly owned subsidiary
4	Rahee Steeltech Pvt Ltd	Full	Wholly owned subsidiary
5	Pandrol Rahee Technologies Pvt Ltd	Moderate	Associate

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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